

# Senate Study Bill 3108

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON WARNSTADT)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act barring insurers from requiring repair businesses to buy  
2 parts and supplies from specified sellers and providing  
3 penalties.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5857XC 82  
6 av/sc/14

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1 1 Section 1. Section 507B.4, Code Supplement 2007, is  
1 2 amended by adding the following new subsection:  
1 3 NEW SUBSECTION. 9A. UNFAIR REPAIR PRACTICES. Requiring a  
1 4 repair business that performs repairs, on behalf of an  
1 5 insurer, to the property of an insured or beneficiary to buy  
1 6 supplies and parts from a seller or list of sellers specified  
1 7 by the insurer. An insured, beneficiary, or repair business  
1 8 may submit a written, documented complaint to the commissioner  
1 9 alleging a violation of this subsection.

1 10 EXPLANATION

1 11 This bill prohibits an insurer from requiring repair  
1 12 businesses that perform repairs, on behalf of the insurer, to  
1 13 the property of an insured or beneficiary to buy supplies and  
1 14 parts from a seller or list of sellers specified by the  
1 15 insurer.

1 16 The bill defines such practices of insurers or their agents  
1 17 as prohibited unfair methods of competition and unfair or  
1 18 deceptive acts or practices in the business of insurance. An  
1 19 insured, beneficiary, or repair business may submit a written,  
1 20 documented complaint to the commissioner of insurance alleging  
1 21 a violation of the bill's provisions.

1 22 Pursuant to Code section 507B.7, a violation of the bill is  
1 23 punishable by a civil penalty assessed by the commissioner of  
1 24 insurance of not more than \$1,000 for each act or violation,  
1 25 but not to exceed an aggregate of \$10,000, unless the person  
1 26 knew or reasonably should have known the person was in  
1 27 violation of the bill, in which case the penalty shall not  
1 28 exceed \$5,000 for each act or violation, and not be more than  
1 29 \$50,000 in the aggregate. A violation of the bill may also  
1 30 result in the suspension or revocation of the violator's  
1 31 license.

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